This record is a partial extract of the original cable. The full text of the original cable is not available.

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SIPDIS

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WHITE HOUSE FOR PRESS OFFICE, SIT ROOM NSC FOR NEA STAFF

JERUSALEM ALSO FOR ICD LONDON ALSO FOR HKANONA AND POL PARIS ALSO FOR POL ROME FOR MFO E.O. 12958: N/A TAGS: IS KMDR MEDIA REACTION REPORT

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SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

All major media lead with Sharon's new cabinet appointments as the Knesset votes for the 2005 state budget. Also prominent are reports updating preparations for the execution of the Disengagement

Ha'aretz reports that Finance Minister Benjamin Netanyahu strongly criticized the disengagement plan yesterday, saying it set a precedent for withdrawing without receiving anything in return, and advocating a formalization of Israeli control over the West Bank. At the same time, Netanyahu said he still believed a referendum was "the only way to tone down the great rift and fracture that threaten us. The absence of a referendum makes the situation more difficult." Netanyahu also said he was opposed to the arrangement under which Israel would transfer control of the Philadelphi route, in the southern Gaza Strip, to Egypt as part of the pullout. He said depending on Egypt to fight terrorism and weapons smuggling to the Gaza Strip would be a mistake.

Ha'aretz reported that Public Security Minister Gideon Ezra and Police Inspector General Moshe Karadi are to meet tomorrow with Yesha Council heads to discuss the possibility of collecting arms from the Gush Katif and northern Samaria settlers before the start of the evacuation. Yediot Aharonot added that former NRP leader Efi Eytam, who recently relocated to the Katif Bloc, made the suggestion. Yediot added that security sources estimate Katif Bloc residents legally hold some 3,300 guns for self-defense.

Ha'aretz reported that 58 MKs voted in favor, 36 voted against, and one MK, Abdul Malik Dehamshe, abstained, passing the 2005 State Budget Bill. In the 2005 state budget -- totaling NIS 266.6 billion, some NIS 2.2 billion is earmarked for the disengagement, enabling the prime minister to move ahead with his plan. The approval of the budget also removed the threat of early elections from the agenda.

Ha'aretz reported that Military Intelligence chief Major General Aharon Ze'evi (Farkash) said yesterday that the terror organizations are trying to export technological know-how and arms experts from Gaza to make weapons in the West Bank. In his report to the Knesset Foreign Affairs and Defense Committee, Ze'evi noted a discernible decreasing motivation to carry out attacks, which he attributed to the militant groups' agreements to maintain regional calm, but said that at the same time, the capability of terror groups has improved. Ze'evi also accused Palestinian Prime Minister Ahmed Qureia of continuing in the footsteps of late Palestinian leader Yasser Arafat. Ma'ariv added that Zeevi said that Hamas was trying now to establish a political party akin to the Irish Shin Fein, while maintaining military and social wings alongside.

Prime Minister Ariel Sharon decided to reward Likud members who voted for the state budget yesterday and nominate them as ministers among them MK Roni Bar-On, Deputy Defense Minister Ze'ev Boim and probably MK Ephraim Sneh from the Labor Party. Sharon also intends to reward five MKs who were loyal to him in recent months and give them deputy minister posts. IDF Radio at 10:00 AM reported that, in reaction, Knesset

Constitution, Law and Justice Committee Chairman Michael Eitan said the prime minister is paying prostitute's wages to those who vote against the positions of the Likud.

In a series of articles on preparations for the Gaza Strip evacuation, Yediot Aharonot reported that the GSS are focusing on preventive intelligence gathering while coordinating with the IDF, seeking out the 'lone gunman' who might attempt to assassinate a prominent Israeli leader or attack Arabs. Citing a senior IDF officer in the Gaza Strip, Yediot reports that the army will start thinning out its troops there. The daily reveals that the Justice Ministry is recruiting legal experts and lawyers for quick processing of legal issues such as indictments against protesters and paying compensations.

Ha'aretz carries a story on a report by B'Tzelem, Israeli human rights watch, which claims that Israel is maintaining a 'strangulation' policy in the Gaza Strip and may disavow its responsibility for Gaza residents following the planned disengagement. The reported violations are primarily related to restrictions of movement Israel places on people and goods traveling in and out of the Gaza Strip.

Jerusalem Post said 'the nuclear reactor in Dimona can withstand even the harshest kind of quake,' that strikes the Middle East once a century, according to a report delivered yesterday by MK Yuval Steinitz (Likud), chairman of the Foreign Affairs and Defense Committee.

Mideast:

Summary:

Conservative columnist Yosef Harif wrote in popular, pluralist Maariv: "In two weeks, Sharon will travel to the United States and meet with President Bush. Should he manage to attain an approval for leaving the large Judea and Samaria settlement blocs in Israel's hands, the Likud may guiet down and Sharon's status will remain stable."

Block Quotes:

"A Split on Hold"

Conservative columnist Yosef Harif wrote in popular, pluralist Maariv (March 30): "The cracks in the Likud walls have recently expanded to the point of collapsing.... Although Sharon came out victorious in both the referendum and the budget campaigns, there is doubt that peace in the Likud will be restored. real test will be the practical execution of the disengagement, and the key question is, what will tomorrow bring. In two weeks, Sharon will travel to the United States and meet with President Bush. Show he manage to attain an approval for leaving the large Judea and Samaria settlement blocs in Israel's hands, the Likud may quiet down and Sharon's status will remain stable. If he does not, unrest will increase and there is doubt that Sharon, however popular he may be, would be able to subdue the rebellion against him. To regain unity, the Likud depends on just one person - Ariel Sharon. With his leadership skills, he managed to overcome numerous difficulties outside and at home, gaining rare achievements on the diplomatic ring. He cannot, however, abandon the domestic ring. He will only 12 MK's most of whom lack power in the Likud Central Committee. He will have to reach an understanding with dozens of MK's who did not identify with his stands. Otherwise, the split might become a fact and the Likud will crash. KURTZER